



December 21, 2016

Mike Devine  
Chief Financial Officer  
U.S. Olympic Museum

Jariah Walker  
Acting Executive Director  
Colorado Springs URA

RE: Request for Bank Direct Purchase Proposals relating to U.S. Olympic Museum Project

Dear Mr. Devine and Mr. Walker:

On behalf of UMB Bank, n.a. ("UMB"), Academy Bank and FirstBank (together the "Purchasers"), we are pleased to provide the following direct purchase proposal to the United States Olympic Museum ("USOM") and the Colorado Springs Urban Renewal Authority ("CSURA") on the terms and conditions set forth in this letter and in the attached Term Sheet for Fixed Rate Bank Direct Purchase.

For purposes of complying with the SEC's Municipal Advisor Rule, UMB is relying on the "RFP" exemption under the SEC Municipal Advisor rule.

The terms presented have been formally approved by each Purchaser's respective loan committee and are subject to the Purchaser's conduct of acceptable final due diligence and execution of appropriate financing documents and legal opinions in form acceptable to the Purchasers. In addition to the terms summarized herein, other normal and customary terms and conditions satisfactory to the Purchaser's will be included in the final loan documents.

ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING PAYMENT OF A DEBT, INCLUDING PROMISES TO EXTEND OR RENEW SUCH DEBT, ARE NOT ENFORCEABLE, REGARDLESS OF THE LEGAL THEORY UPON WHICH IT IS BASED THAT IS IN ANY WAY RELATED TO THIS AGREEMENT. TO PROTECT YOU, UNITED STATES OLYMPIC MUSEUM, AND TO PROTECT US, THE PURCHASERS, FROM ANY MISUNDERSTANDING OR DISAPPOINTMENT, ANY AGREEMENTS WE REACH COVERING SUCH MATTERS, WHICH IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN US, SHALL BE INCLUDED IN ALL LOAN DOCUMENTS EXCEPT AS WE MAY LATER AGREE IN WRITING TO MODIFY IT.

Signatures of USOM, CSURA, and UMB transmitted by facsimile shall be deemed to be original signatures for all purposes. This agreement may be executed in two or more counterparts, each of which shall constitute an original but when taken together shall constitute but one agreement.



If you are in agreement with the terms stated above and on the following pages, please so acknowledge in the space provided below and return your signed copy to the undersigned no later than December 31, 2016. If your signed copy is not received on or before such date the offer made herein will automatically expire.

Best Regards,

UMB Bank, n.a.

\_\_\_\_\_  
Troy Bernberg, VP – Public Finance, Investment Banking Division

The undersigned hereby accepts the terms and conditions stated above and on the following pages.

UNITED STATES OLYMPIC MUSEUM

By: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_

COLORADO SPRINGS URBAN RENEWAL AUTHORITY

By: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_



**TERM SHEET FOR FIXED RATE BANK DIRECT PURCHASE**  
**United States Olympic Museum**  
**December 21, 2016**

**Terms & Conditions Approved Through March 31, 2017**

- Issuer/Borrower:** Colorado Springs Urban Renewal Authority (“CSURA”), as recipient of the Sales Tax Increment Revenue, will serve as Issuer/Borrower, to secure the revenue pledge as the primary repayment source.
- Issue:** Regional Tourism Act (RTA) Tax Increment Financing Revenue Bond, Series 2016 (the “Bonds”) Issue name subject to change during documentation.
- Direct Purchasers:** UMB Bank, n.a. (“UMB”), as lead purchaser  
Academy Bank, as purchaser  
FirstBank, as purchaser
- Purpose:** Fund the Museum Project’s construction and infrastructure needs; fund the debt service reserve fund, costs of issuance, and any other necessary capital needs associated with the project.
- Amount:** \$39,000,000, to be financed via 3 purchasers (and 3 notes) as follows:
- \$15,000,000 from UMB; and
  - \$14,000,000 from FirstBank
  - \$10,000,000 from Academy Bank
- Final par amount and amortization are subject to the final interest rate, set as described below.
- Proceeds:** Bond proceeds will be deposited from each purchaser upon closing and will be released only upon terms and conditions set forth herein and as negotiated during final documentation. All Bond proceeds must be utilized for “Eligible Costs” according to the Colorado Economic Development Commission.
- Rate:** A 10 year tax-exempt interest rate, fixed through December 1, 2026, will be set thirty (30) days prior to closing, using this formula:  $(65\% \times (10\text{yr Treasury spot rate} + 267\text{bps}))$ . A rate floor is established at 3.25%. The set rate is subject to receipt of a legal opinion confirming tax exempt treatment.
- Interest:** Interest will be paid semi-annually beginning June 1, 2017 calculated on a 30/360 basis. Interest payment dates and the frequency thereof are subject to final determination of timing for receipt of TIF revenues from the State.
- In the event of a missed payment within the 10 year term, the nonpayment step up penalty shall be calculated as follows:
- Upon the first missed payment, 2% will be applied to the first missed payment amount;
  - Upon the second missed payment, 3% will be applied to the first and second missed payment amounts;
  - Upon the third missed payment, 5% will be applied to the first, second and third missed payment amounts;
  - Upon the fourth and subsequent missed payments, 7% will be applied to the first, second, third, fourth and any subsequent missed payment amounts.



**Fees:** Origination fee of 75 basis points (bps) on the \$39,000,000 direct purchase, payable at closing.

**Closing:** Closing of the Bonds (i.e. funding) must occur on or prior to March 31, 2017.

**Term/**

**Amortization:** The term of the Bonds will be ten (10) years with a fixed interest rate, set as described above. Interest only will be payable through 2018, followed by a 20 year amortization of principal paid annually with a maturity in ten (10) years. Principal amortization will be structured based on 125% coverage of projected TIF revenues to debt service. The final par amount may be reduced when the interest rate is set, as higher rates impact how much debt may be serviced under the 125% structuring parameter.

**Redemption Provisions:**

Principal maturing on and after December 1, 2023 may be called for redemption at par with no premium, in inverse order to maturity, on December 1, 2022, and on any date thereafter. In the event Surplus Fund monies meet the balance requirements detailed below, principal may be prepaid, in part or in whole, any time without penalty.

**Source Of Repayment:**

Revenues from the portion of State Sales Tax Increment Revenue to be received by the Colorado Springs Urban Renewal Authority from the RTA Zone State Sales Tax Base with respect to the U.S. Olympic Museum project will be used to repay the bonds.

As outlined in the Colorado Economic Development Commission Resolution (the "Resolution"), the City for Champions Project (the name of the City's RTA project) will receive 13.08% of the State sales tax revenue collected within the RTA zone in excess of the base year revenue for bond repayment. Of the 13.08% of the State Sales Tax Incremental Revenue, 52% is available and will be pledged for repayment of the bonds. The CSURA will segregate this revenue in separate subaccounts per the Resolution:

- 42% of the State Sales Tax Incremental Revenue will be attributable to the Museum.
- 10% of the State Sales Tax Incremental Revenue will be attributable to the infrastructure improvements.

The total cumulative amount of State Sales Tax Increment Revenue (52%) shall not exceed \$62,660,000 over the course of the financing term.

The Resolution also notes that a portion of the sales tax revenue may be used to pay for administrative costs of the financing entity associated with the City for Champions project. At this time we do not know the cost of these administrative expenses but we expect them to be a nominal amount.

**Security:**

A reasonably required debt service reserve (DSR) will be funded at closing, determined by the lessor of: (i) 10% of par; (ii) 100% of maximum annual debt service (MADS); or (iii) 125% of average annual debt service. The reasonably required DSR is currently calculated at \$3,165,160 (125% of average annual debt service). Additionally, all of the State Sales Tax Incremental Revenue received in 2014 and 2015 totaling \$1,522,860, will be added to the reasonably required DSR for a total reserve requirement of \$4,688,020 to be funded by or on closing. Any draw on the reserve must be replenished within a 12-month period.



Following the payment of debt service on the Bonds, all remaining revenues will be deposited into a Surplus Fund to be established in the Bond documents to additionally secure the Bonds. The Surplus Fund shall be maintained in an account held by the Trustee. Interest earnings in the Surplus Fund shall accrue and remain in the Surplus Fund and may be used only to pay down principal periodically, in inverse order to the maturity/amortization. Release of excess TIF revenues held in the Surplus Fund (solely for the repayment of additional principal on the bonds) is dependent on a minimum Surplus Fund balance requirement of \$6.5mm (funded by TIF Revenues). Upon these conditions being met, released Surplus Fund monies may only be used to pay down principal, exempt from the redemption provisions.

To the extent State Sales Tax Incremental Revenues are not sufficient to meet debt service requirements, then the following sources of funds, in order of priority will be used to meet the debt service requirements: (i) amounts in the Surplus Fund, and (ii) amounts in the DSR.

**Covenants:**

The following covenants will apply:

- No additional debt of the CSURA secured by the TIF revenues referenced under "Source of Repayment" above without prior UMB and the other purchasers' approval.
- Maintain tax-exempt status; upon an event of taxability, tax exempt rate will convert to a taxable rate determined at that time upon credit review.

**Bank Counsel:**

UMB counsel representation will be Spencer Fane LLP. The fee payable by USOM by or on closing in an amount not to exceed \$50,000 is separate and in addition to the origination fee.

**Reporting Requirements:**

The following will be required to provide UMB and the purchasers:

- CSURA will provide auditor-prepared annual audit within 210 days of fiscal year end.
- CSURA will provide management certification of debt service coverage within 60 days of fiscal year end.
- CSURA and/or USOM will provide all reporting requirements as outlined in Section 6 of the Colorado Economic Development Commission Resolution.
- At all times, the sources and uses of funding for the project must be in balance. If the project is out of balance, USOM agrees to provide sufficient funding to bring the project back to balance within 20 days.

**Conditions Precedent:**

Prior to, and as a condition of closing, the following shall have occurred subject to receipt, review and approval of UMB and the other purchasers:

- All applicable financing documents and legal opinions.
- Title commitment and Phase 1/environmental report on USOM property as well as the property on which the infrastructure is to be built, if applicable.
- All construction related documentation related to USOM and infrastructure projects including USOM guaranteed max price ("GMP") contract (items covered, cost overruns) and other related construction agreements.
- Complete and updated total construction budget to include:
  - Soft and hard project costs for both USOM and infrastructure projects.
  - Detailed sources & uses for entire project cost (both hard & soft costs).
- Complete project funding must be in hand, consisting of donations, Bond proceeds and bridge financing (for multi-year pledges) that in the aggregate equal or exceed the total budgeted project cost (including all hard and soft costs).



- Documentation for bridge financing (that closes the funding gap of committed pledges and the expected receipt of donations) must be provided.
- Complete infrastructure funding must be in hand, that in aggregate equal or exceed the total budgeted cost (including all hard and soft costs).
- Donations from capital campaign are required to be expended on the project first, before any Bond proceeds are drawn upon. (This condition is subject to legal tax review and any changes to this condition will require approval by Bond Purchasers).
- UMB and the additional purchasers require an independent third party construction monitoring company, the cost which shall be paid by USOM, in addition to the review and approval of the independent third party construction monitoring and engineering companies identified by USOM/CSURA as required by Resolution No. 3.

**Completion  
of USOM:**

If construction on the USOM ceases prior to full completion, the sales tax increment will remain in place to repay the bonds, or alternatively, the bonds will be fully defeased.

**Trustee:**

UMB Bank, n.a.

**Closing Costs:**

USOM will pay for all reasonable and customary out-of-pocket expenses incurred not paid from bond proceeds including but not limited to financial advisory fees, placement agent fees, bond counsel fees, origination and lead purchaser fees, borrower's counsel fees, the purchaser's attorney's fees, trustee fees (if any), appraisal, environmental report(s), title work and other customary out-of-pocket fees.